

EPA-PNL-948

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03/06/2012 03:51 PM

To Richard Parkin, Phil North, Judy Smith, Sheila Eckman, Cara Steiner-Riley, Betsaida Alcantara, Palmer Hough, Marianne Holsman, Bill Dunbar, Kate Kelly, Jeff Philip, Jeff Frithsen, Dianne Soderlund

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Subject Forbes Magazine: The EPA vs. Hybrid Cars? (Bristol Bay Op-Ed)

<http://www.forbes.com/sites/patrickmichaels/2012/03/02/the-environmental-protection-agency-vs-hybrid-cars/>

Also, a recent opinion piece from the Dutch Harbor Fisherman:

http://www.thedutchharborfisherman.com/article/1209pebble_document_source_needs_to_be_considered

Forbes Magazine

Patrick Michaels, Contributor

3/02/2012

The Environmental Protection Agency Vs. Hybrid Cars?

Could the EPA inadvertently harm electric car sales under its current hyper-regulatory regime? It sounds crazy, but...

This story starts in the wilderness north of Lake Iliamna, where quite possibly the largest unexploited copper deposit in North America sits. It's owned by The Pebble Partnership, a marriage of financial convenience between Northern Dynasty Minerals, of Vancouver, and Anglo-American PLC, a mining giant headquartered in London.

The Pebble find covers about 20 square miles, and its small drainage basins are about 125 miles from Bristol Bay, the world's largest sockeye salmon fishery. It is in the headwaters of the Koktuli River, which drains into Nushagak, which winds up in the bay. Another stream flows from Pebble into the eighth-largest lake in the U.S., Lake Iliamna, which is the source of the Kvichak River, which also ends in Bristol Bay.

Bristol Bay just happens to be the world's largest Sockeye Salmon fishery, and while it seems amazing that the fish, which spawn and die in freshwater streams, could make it all the way to Pebble, they do. I've seen brown bears (of which the "cuddly" polar bear is a color morph) feasting away there.

The Pebble Partnership is keenly aware of all of this, having spent more than \$120 million in baseline ecological studies in and around its site. So are conservations, some sportsmen, and commercial fishing interests in Bristol Bay. Anglo-American obviously has plenty of money,

and so does businessman Bob Gillam, purportedly the richest Alaskan, who also owns a big house not far from Pebble. Gillam has funded a major advertising campaign against Pebble, to which Pebble responds that it will only develop the mine if it can be confident that the mine will cause “no net loss” of fish.

The mine is going to use a lot of water—some estimates have it as the amount that a city of a million would throughput every year—and that water will have to be stored somewhere instead of running into Lake Iliamna and Bristol Bay. Never thinking small, Pebble proposes the world’s largest earthen dam to hold things in.

Pebble hasn’t even applied for a mining permit at this point, but opponents are trying to pre-emptively stop even that, petitioning the EPA in Washington to preemptively stop the mine because of its potential to harm local wetlands.

The EPA seems to be going along. In response, it proposed a massive analysis of the Nushagak and Kvichak watersheds, to be done by the magical time of late October in a presidential election year. Our greener friends have made Pebble an electoral litmus test.

The combined watersheds are around 21,000 square miles. Pebble spent about 120 million to study 20 square miles. Do the math.

So EPA now proposes dry-labbing it, with a study of the impacts of a hypothetical mine on Bristol Bay. They have already started the process of picking peer-reviewers with an “independent” head-hunting company.

I don’t think even the most naïve here in Washington don’t see a foregone conclusion coming up. That’s clearly what the EPA had in mind when it wrote the “Technical Support Document”, the background material for their decision to regulate carbon dioxide and other greenhouse gases. Why change now?

Speaking of greenhouse gases, EPA’s fuel economy standards could be as high as 62mpg by 2025 for certain classes of passenger cars. That almost certainly means—despite their currently low sales—more Chevy Volts and their clones. The new Volt commercial that says it is “the car that America HAD to build” isn’t kidding!

Copper used to be cheap, less than a dollar a pound. But a variety of factors not limited to China’s rapid development have the price fluctuating around \$4.00. Hybrid cars use about 100 pounds of copper, or about \$400 dollars worth. Volts and Volt-oid products easily consume \$600 worth, especially if supplies get even tighter. A conventional car has about 50 pounds onboard. These are fixed costs that go out the door with every car.

The EPA may very well preempt the biggest untapped source of copper on the continent while requiring massive production of copper-hogging plug-in hybrids. This is like driving with one foot on the accelerator and the other on the brake, when it comes to reducing dreaded carbon dioxide emissions from the cars of the future.

Patrick Michaels is a senior fellow in environmental studies at the Cato Institute. He visited the Pebble site, in August, 2010, and was compensated by Pebble for travel expenses only. He owns shares of Freeport McMoRan (FCX) and Broken Hill Proprietary (BHP), the two largest nongovernmental copper producers worldwide.

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Hanady Aisha Kader  
Public Affairs Specialist  
U.S. Environmental Protection Agency, Region 10  
206.553.0454 (desk) 206.225.8127 (cell)  
kader.hanady@epa.gov